



County of Los Angeles CHIEF EXECUTIVE OFFICE

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DAVID E. JANSSEN
Chief Executive Officer

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July 3, 2007

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

401(k) PLAN PHYSICIAN ELIGIBILITY AND CONTRIBUTION (3 VOTES)

IT IS RECOMMENDED THAT YOUR BOARD:

Approve the designation of Physician, MD and Physician Specialist, MD as eligible classifications to participate in the 401(k) Savings Plan, effective July 1, 2007, and adopt the attached ordinance amending provisions of the 401(k) Deferred Earnings Plan to accept one-time contributions related to settlement of litigation.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On January 23, 2007, the Board approved the proposed settlement in Union of American Physicians and Dentists (UAPD) v. Los Angeles County Employee Relations Commission, et al. The settlement provided employees within the Physician, MD and Physician Specialist, MD classifications to prospectively become eligible for participation in the 401(k) Savings Plan. In addition, a portion of the settlement award will be contributed to currently employed physician's existing 401(k) Deferred Earnings Plan account.

Implementation of Strategic Plan Goals

Adoption of the aforementioned recommendations will promote workforce excellence by resolving an employee relations issue and providing an additional opportunity to save toward retirement.

FISCAL IMPACT/FINANCING

The Savings Plan provides a dollar for dollar County matching contribution up to 4% of compensation. Should all 629 physicians in the affected classifications participate in the Savings Plan, the potential annual matching contribution would be approximately \$5 million. However, based on participation experience, the County can expect approximately 70% of the current physician population to actually participate at an annual County cost of approximately \$3.7 million (all funds).

The settlement award contribution to the Deferred Earnings Plan will be a one-time contribution, as negotiated with UAPD. Contributions will be limited to those physicians identified as an affected individual within the settlement and currently employed with a Deferred Earnings Plan account.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

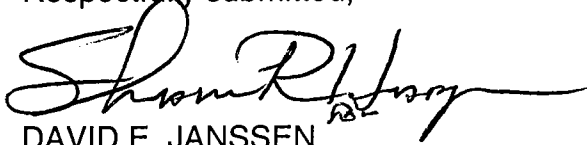
On January 23, 2007, the Board of Supervisors approved the proposed settlement pertaining to litigation by UAPD. The lawsuit challenged the implementation of changes in cafeteria benefit plans for represented physicians (who have, subsequently, decertified representation with UAPD). As part of the settlement agreement, the County agreed that non-represented physicians in the affected classifications will become eligible to participate in the Savings Plan, commencing July 2007.

In addition, the settlement agreement provides for a portion of the negotiated settlement award to be contributed to the Deferred Earnings Plan which has not received any contributions since 2001. The attached ordinance will specifically identify this one-time settlement award contribution without reinstituting ongoing eligibility. As noted above, the impacted physician group will become eligible to participate in the 401(k) Savings Plan beginning this month and all future employee and employer contributions will go into that Plan.

Honorable Board of Supervisors
July 3, 2007
Page 3

County Counsel has reviewed and approved the attached ordinance as to form.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "David E. Janssen", with a stylized flourish at the end.

DAVID E. JANSSEN
Chief Executive Officer

DEJ:WGL
DT:df

Attachment

c: Executive Officer, Board of Supervisors
Auditor-Controller
County Counsel
Director of Personnel
Union of American Physicians and Dentists